

Congress of the United States

Washington, DC 20510

April 21, 2023

The Honorable Joe Biden
President
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear President Biden,

We write today on behalf of Americans across this nation that own small businesses and family farms. Since the founding of this nation, these citizens have been the backbone of the economy and the picture of the American dream. It is our job as members of Congress to do everything in our power to support these hardworking Americans. The proposed plan in your FY2024 Budget Request to cap like-kind exchanges is yet another tax policy that will harm America's farmers, small businesses and subsequently the economy as a whole.

COVID-19 posed a particularly strong threat to the United States economy. Small business owners were some of the hardest hit by the rules and regulations employed to contain COVID-19. Now, with inflation driving up input prices and a shortage of labor, farmers across America have had to overcome challenging circumstances and uncertain futures. As the nation works to return to normal, the government must encourage investment and expansion throughout the economy.

Like-kind exchanges allow farmers and other small business owners to improve their operations and invest in better income-producing properties by deferring taxes on unrealized gains. Four out of five individuals who utilize these tax deferments are qualified as small investors by the IRS. Any cap on the value of the property qualifying for like-kind exchanges would disproportionately burden small investors.

We urge you and your administration not to damage the livelihood of farmers everywhere by repealing or capping like-kind exchanges. For the agricultural community, a cap on like-kind exchanges would limit farmers' ability to combine acreage, purchase more productive land, or mitigate environmental impacts, all of which help improve their operations. Further, capping like-kind exchanges could make it more difficult to restructure businesses so that young or beginning farmers can join operations. Retiring farmers could be prevented from using like-kind exchanges to exchange their farm or ranch for other real estate, allowing for the next generation

to take over without being forced to sell off assets to pay a huge tax bill to Washington. The negative impact of this policy would radiate outward from individual farm owners and agricultural investors into the larger agricultural sector and the national economy at large.

Additionally, like-kind exchanges play an important role for the real estate industry and help drive investment to rural and low-income communities. It is critical that farmers and small businesses have the freedom to improve their operations in whatever way they see fit. This proposed change to the tax code would limit the economic mobility and viability of businesses across the nation. Now is not the time to stunt growth, but to encourage it.

We look forward to working with you to keep the American economy working for the American people. We are committed to supporting small business owners and the millions of small family farms around the nation as they work hard to make a living.

Sincerely,



Randy Feenstra
Member of Congress



Mike Bost
Member of Congress



Vern Buchanan
Member of Congress



Mike Kelly
Member of Congress



Glenn "GT" Thompson
Member of Congress



María Elvira Salazar
Member of Congress



Eric A. "Rick" Crawford
Member of Congress



Diana Harshbarger
Member of Congress



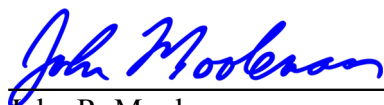
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Member of Congress



Bill Johnson
Member of Congress



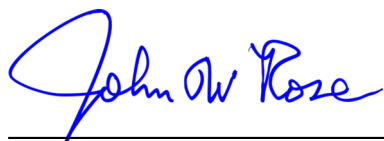
Michael Guest
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John R. Moolenaar
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Jake Ellzey
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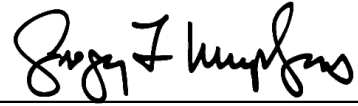
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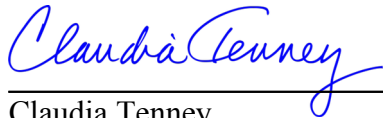
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